loans and the lending of public money, and then by ordering the complete withholding of government loans.[20]

*175 439 More effective, because more easy to carry out, was Yang's policy of regulating trade balances. He required merchants to limit imports to values which would not exceed the value of exports. The object of this policy was both to prevent the draining of wealth from the province and to prevent Uighur merchants from banking their accumulated wealth in Russia (before the Russian Revolution), and also to stop Chinese merchants from holding their wealth in provinces other than Sinkiang. He himself, however, through Chinese merchants acting as his agents, sold Sinkiang exports, principally in Tientsin, and then banked the proceeds not in China but under the American flag in the Philippines.

*175 652 During Yang Tseng-hsin's rule Sinkiang was forced to change its fiscal basis completely. Before the Revolution, the province had been heavily subsidized by the Imperial treasury. The annual subsidy was at one time as high as 2,920,000 taels; then it fell to 2,600,000 taels, and by the time of the Republic the poverty of the Central Government cut off the subsidy altogether. Yang Tseng-hsin then issued his own provincial paper currency to a face value of about 10,000,000 taels.[21] This measure inevitably caused an inflation and considerable hardship.

*175 436 Eventually, no less than four paper currencies were established in the same province. The Urumchi, Turfan, Ili, and Kashgar regions each had its own currency, and each currency exchanged against the others at different rates. Each paper currency, carrying values not in dollars but in taels, had a subsidiary copper coinage. Only in the Kashgar region, with its two-way trade with both India and Russian Turkistan, was there a certain amount of silver backing, with silver coins in circulation in addition to paper.

[20] For these reforms or attempted reforms, see Tseng Wen-wu, *op. cit.*, pp. 595–596.

[21] Chiang Chün-chang, *Hsinchiang Chin-Yin Lun*, Nanking, 1936 (reprinted Chungking, 1939), p. 45 (in Chinese).

month . . . A struggle for the succession to power . . . would precipitate Russian control, if not formal Russian rule." 648

Re-establishment of formal Soviet political relations with Sinkiang under Yang Tseng-hsin had given Soviet foreign trade interests a grand new opportunity; and completion of the Turksib Railway, on the Soviet side of the frontier, in 1930 climaxed this. The new railway could bring Moscow's latest products to the doors of Sinkiang in but a few days, and therefore Soviet trade could successfully overcome all competition—including that from the Chinese and British. By 1930 Sinkiang was already falling economically into the hands of her Soviet neighbor; and the Ha-mi insurrection left Chin Shu-jen too weak to resist the trend.

When civil war came, it threw the province not only into military and political, but even into financial, chaos. Sinkiang money was then principally fiat paper currency, with little value once public confidence had been lost; and the civil war indeed destroyed public confidence in it. To a certain extent the evil might have been alleviated by shipment of real goods out of the province and by deposit of the foreign or Nationalist Chinese currency receipts in foreign banks or other banks elsewhere in China. But, since Soviet Russia had gained a near monopoly on Sinkiang trade, outside currency could be obtained for Sinkiang inhabitants practically only by Soviet sufferance. Through her control of Sinkiang trade Soviet Russia had gained a hold on Sinkiang finances as well. 648 652

Nor did Soviet Russia have reason to consider her favored position in Sinkiang lightly. Between 1923/24 and 1930 inclusive, Sinkiang annual exports into the U.S.S.R. had risen from 3,015,000 to 16,033,000 rubles; and annual imports into Sinkiang from the U.S.S.R. had leaped from 418,000 to 16,027,000 rubles. This meant a rise in the total annual trade from 3,433,000 to 32,060,000 rubles. Moreover, up to that date, in tonnage as well as in value of visible items of trade, Soviet Russia had continually received more from Sinkiang than she had returned. That situation even continued from 1931 to 1937 inclusive, so far as recorded bulk is concerned, though it altered at times in respect to recorded value. 648 439

It was not merely the rubles that could be realized from what Sin- 648

2: Norins S-4 (1939-1941) 1944 AI1 Sinkiang AI1

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SOME WORK OF THE CULTURAL PROGRESS SOCIETIES OF SINKIANG (1936)

Society	*Wei-wu-erh*	*Ha-sa-k'o*	*Hui*	*Totals*
Central Office	1	1	1	3
Regional Branches	8	5	3	16
County Branches	41	8	14	63
Village Branches	23	?	?	23+?
Total Educational Institutions	1,980	207	37	2,224
Total Students	129,649	10,194	2,700	142,543

Currency and Finance

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For currency stabilization and a practicable operating budget, Sinkiang Province has persistently required outside financial help. Not only was this true in the old days of the Chinese Empire but it was particularly true in the period just before and during Sheng Shih-ts'ai's rise to power. In the 1934-1941 period Sheng met the situation mainly by internal reforms and aid from Soviet Russia. But he has not yet got the problem licked.

For decades after the province was established, Sinkiang operated on a substratum of financial subsidy. The first annual grant came from the Manchu government and amounted to 600,000 taels. This was gradually increased until in 1905 it had risen to 2,980,000 taels. With the abdication of the Manchu Dynasty and the establishment of the Chinese Republic in 1912, the old subsidies—one year excepted—were discontinued. Various measures were taken in an attempt to cope with the new situation, but the principal method used for many years thereafter was issuance of provincial notes. These notes in turn began to bring on Sinkiang inflation. By 1934 that inflation had become seriously disturbing to the provincial economy.

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Sinkiang has had a wide variety of mediums of exchange. Formerly, in addition to paper notes, these included silver coins, stamped silver "shoes," irregular bullion, and at times tea or even sheep. Paper provincial notes were first circulated in 1899, and were backed by a Tihwa cash reserve. Later "oil cloth notes" *(yu-pu piao)* were also issued by provincial bureaus at Sui-ting and Kashgar. These had a

436 sixty per cent note and a forty per cent bullion backing. Yang Tseng-hsin, military governor immediately after abdication of the Manchus, 652 even permitted additional notes to be issued to make up for discon- 436 tinuance of the imperial subsidy. It was, however, during the governorship of Chin Shu-jen and the years of the Moslem revolt that the gradual devaluation in Sinkiang currency became most alarming. In the period, 1912-1929, three Sinkiang dollars (taels or *liang*) at the lowest would exchange for one dollar of Chinese Nationalist currency (*yüan*). Yet by 1934 the Sinkiang note issue had grown so excessive—it is said to have amounted to more than 1,200,000,000 taels—that one Chinese Nationalist dollar at times would buy more than 4,000 Sinkiang dollars. How well Sheng Shih-ts'ai's administration met this serious predicament is suggested by the report that a Sinkiang Province dollar by 1942 had become worth six Chinese Nationalist dollars—although, to be sure, the Chinese Nationalist dollar had by then itself lost value through severe inflation.

Many Chinese writers attribute the change in the provincial monetary situation to Sheng's numerous reforms. Among such reforms, the 1939 reorganization of the Sinkiang Provincial Bank into a commercial [453] bank with an expanded field of operations is especially notable. This new Sinkiang Commercial Bank began to issue new notes, took steps to improve and to unify Sinkiang currency, and undertook to withdraw old notes from circulation. It has been remarkably successful in carrying out this program, and the Sheng Shih-ts'ai administration does deserve praise in this connection. But it would be a mistake not to realize that the greater exchange value of the Sinkiang dollar is in part due to at least two other major factors: (1) Sinkiang's protected geographical position at the rear of the Chinese War of Resistance; and (2) Soviet Russian credits. Chao Lieh, a Chinese authority on Sinkiang to whom I have already referred, gives these credits particular emphasis. By 1941, he writes, Sinkiang is said to have borrowed a total of 15,000,000 rubles from Soviet Russia. Though this money went for many purposes, such as purchase of machinery and trucks, one of its most important functions was to serve as backing for Sinkiang currency. It is doubtful if Sheng could have come near stabilization of his province's monetary unit in the years 1933-1941 without such credits.

An indication of confidence in Sinkiang finance is seen in the report that over $5,444,000 Chinese were subscribed in the province for her 1941 Reconstruction Bond Issue. Yet this does not necessarily mean that she is financially solvent. Quite the opposite is suggested by Chinese comment of November, 1942, that the Sinkiang budget of that year showed a considerable deficit and that the achievement of a budget balance is still considered one of the most serious current problems before the provincial government.

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Agriculture and Irrigation

Because of their basic importance to the life of the province, agricultural and irrigation developments deserve special scrutiny. There are indications that the Sheng Shih-ts'ai administration has given the problem considerable attention, but the available information is not satisfactory. Under these circumstances it might first be well to consider the following base figures given by Chiang Chün-chang for 1918 cultivated acreage in Sinkiang:

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CULTIVATED ACREAGE IN SINKIANG, 1918

Crop	*Acreage*
Wheat	480,782
Corn	340,486
Rice	52,790
Melons and other fruit	46,737
Cotton	40,025
Sesamum	33,815
Kaoliang	32,325
Beans	23,040

These figures can hardly serve as a definitive 1918 total of cultivated land for the province; some of the crops may, for instance, have been rotated on one and the same acreage. They do suggest, however, that in 1918 there was a total Sinkiang cultivated area in round figures somewhere between a minimum of 500,000 and a maximum of 1,000,000 acres. If Chiang's figures may be considered typical, they also show that cultivation of wheat and corn has by far overshadowed that of other agricultural products, and that the province does have a history

N 159 631 **Yang Shen-chih: Local leader**

A native of Kansu Province, dates unknown. An influential local leader. From 1949, member of the Military and Administrative Council for the Northwest, member of its Land Reform Commission and vice-chairman of the People's Supervisory Commission; since 1953, member of the Northwest Administrative Council and vice-chairman of the People's Supervisory Commission.

S 159 **Yang Tseng-hsin (1860-1928): Former governor of Sinkiang**

Born in 1860 in Yunnan Province, holder of both the Chu-jen and Chin-shih degrees of the late Ch'ing Dynasty. In 1889, magistrate of Chung-wei district of Kansu, later promoted as the chou commissioner of Hochow, Kansu. He also commanded troops under Chen Sheng-ch'uan. In 1901, he joined the staff of Wei Kuang-t'ao, governor-general of Shensi and Kansu, and was appointed superintendent of the army school in Kansu. In 1908 he was given the position of circuit commissioner of Aksu S [693] Circuit, Sinkiang. In 1911 he was transferred to the Chenti Circuit and concurrently held the positions as prosecutor. In 1912 [652] he was promoted to provincial treasurer of Sinkiang. When the [635] newly appointed governor, Yuan Hung-yu, was murdered on his way to Urumchi (Tihua), Yang was appointed governor of Sinkiang. His title was changed several times, but his actual position remained as the political and military boss of Sinkiang from 1912 to 1928. When Yuan Shih-k'ai enthroned himself as S [554] the emperor of China in 1916, Yang was awarded an earldom of [635] the first rank. In 1928, he pledged his support to the Nationalist Government in Nanking, and was appointed the provincial chairman of Sinkiang. He was assassinated in July, 1928.

S 159 635 In the history of modern Sinkiang, Yang Tseng-hsin was the only person who ruled Sinkiang for seventeen years. He was credited, during his administration, with restoring peace and prosperity to the province. During those seventeen years, he S [575] smashed the secret society, Ko-lao-hui (Elder Brother Society), [648] defeated the invasion of Kobdo and Altai (A-shan) by the troops of Outer Mongolia in 1928, quelled the disturbances of the Kazakhs who fled into Sinkiang from Soviet rule in 1917, and pacified the defeated White Russian troops who also escaped into Sinkiang during the Soviet Revolution in 1917. Internally, he S [563] adopted the policy of racial equality among the different tribes [641] within the border of Sinkiang. Diplomatically, he improved the [648] trade relations with Russia and settled the border troubles. But, because of his autocratic and dictatorial attitude toward his subordinates, and his cruelty toward his opponents, he made enemies who brought about his assassination.